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FISCAL IMPACT STATEMENT

LS 6053

BILL NUMBER: HB 1029

NOTE PREPARED: Jan 21, 2004

BILL AMENDED: Jan 20, 2004

SUBJECT: Child Support Withholding from Tax Refunds.

FIRST AUTHOR: Rep. Kuzman

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that a custodial parent may bring an action to recover delinquent child support by intercepting the child support obligor's state income tax refund.

Effective Date: July 1, 2004.

Explanation of State Expenditures: The bill allows a custodial parent to petition the courts to intercept a noncustodial parent's state income tax return. The noncustodial parent must (1) be in arrears of \$1,500 or more in child support, and (2) have intentionally violated the terms of the most recent child support order for the petition to be granted.

The Department of State Revenue intercepted 54,330 state income tax refunds in FY 2003; a total of \$7.5 M. Almost \$5 M, or 65%, were intercepted to collect child support owed to the state. Other state entities eligible to submit claims are: (1) Health Care for the Indigent, (2) Food Stamps, (3) Temporary Assistance for Needy Families, and (4) the Department of Workforce Development. This bill would add another state entity to this list. The additional cost to the state is dependent on the number of petitions granted to custodial parents who file for interceptions; expenditures are undeterminable.

Explanation of State Revenues: This bill allows the potential for additional hearings from which the county and state may receive court fees.

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues: See *Explanation of State Revenues*.

State Agencies Affected: Department of Revenue; Family and Social Services Administration.

Local Agencies Affected: Local trial courts.

Information Sources: Shah Towfighi, Department of State Revenue, 232-2107.

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